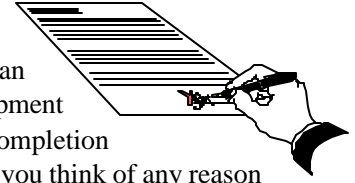


SECTION C. CDBG CONTRACT

1. CONTRACT EXECUTION

Following the completion of the required training session, and assuming that an acceptable final application has been submitted, the Division of Community Development (DCD) will distribute **three** copies of the CDBG contract to the grant recipient for completion and signature. It is vital that the contract be executed immediately upon receipt. Can you think of any reason to hold on to the contract? You are free to make copies of the contract for temporary use until a fully executed copy is returned to you following the process described below. The DCD suggests that local officials have the jurisdiction's attorney review the contract for accuracy to ensure that it is consistent with local powers and authorities. Any discrepancies should be raised with the DCD staff.



The process of contract execution should begin **immediately** after the grantee receives them. With the exception of those Grantees awaiting commitments from additional funding sources that would not yet be able to complete a budget, there is no reason to delay execution of the contracts. Immediately upon receipt, the grantee should proceed with the finalization of the Scope of Work and the detailed budget, using information from the final application, and any other applicable, current data, as available. Once that part of the contract is complete, **all three copies** should be signed by the jurisdiction's chief elected official in 3 different places: signature page 2, signature certification for funding page 11, and HUD certifications page 13. The clerk, treasurer, or recorder should then witness the contract. Both persons signing the contract must be listed on the jurat, page 3, which is then completed and signed by a notary public. **All three** copies should be returned to DCD. After final execution at the state level a completed copy of the fully executed contract will be returned to the locality for inclusion in the program file. If more people need a copy, make copies and distribute but keep careful track of the original contract.

There are specific penalties stipulated in the application guidebook for grantees that return contracts late. All contracts should be returned by June 1, 2002, except for those special contracts identified above. Your local RRC may give you an additional month to July 1, 2002 under special circumstances. The region will reallocate funds not contracted for during July. The state reallocates the funds to whomever they want if the RRC fails to reallocate by August 1, 2002!

There will be no exceptions! If other funds are being solicited in the project, then the grantee is not subject to these requirements but will be subject to specific deadlines negotiated with the grantee.

ANY CONTRACTS NOT PROPERLY COMPLETED WILL BE RETURNED TO THE GRANTEE.

Until the contracts have been appropriately executed by the grantee, the state can do nothing towards preparing and executing them and, therefore, no work on the project can proceed. Please review them carefully before sending them to the DCD office. **No costs may be charged against this CDBG contract until such time as the contracts have been completed in accordance with these instructions.** Any such costs will be considered ineligible and become the responsibility of the grantee.

The contract form is included in its entirety in the following section. Instructions are provided in the margin showing appropriate completion steps for those items subject to grantee completion.

2. REQUESTING AN AMENDMENT

The CDBG process does allow grantees to request amendments to their contracts under certain circumstances. A request for an amendment must be submitted in letterform to your State Program Specialist, explaining the reason for the request. The request must include all necessary information i.e.:

- 1- The proposed date for an extension needed (see also Attachment B of the Contract, Additional Terms and Conditions, subparagraph 8),

- 2- The proposed change in the scope of work; and/or
- 3- The proposed budget revision.

The request will be reviewed by the program specialist who will use some of the following criteria in determining the reasonableness of the request:

- 1- Has the grantee demonstrated consistent and acceptable performance during the contract period?
- 2- Has the grantee demonstrated diligent project development?
- 3- What has been the grantee's performance on prior grants, if any?
- 4- Is there good probability of completion within a reasonable time frame?
- 5- Has the grantee maintained good communication with DCD during the length of the contract (phone, letter, e-mail, progress reports)?

EXTENSION:

- 1-Has the project design met the conditions below:
 - a. Engineer/Architect design and bid ready, specifications were completed by September 1, at least four months prior to the termination date of the contract.
 - b. Advertisements for bids were published prior to October 1, at least three months prior to the termination of the contract.
 - c. A Bid Award was issued by November 1, at least two months prior to the termination of the contract.
 - d. A Notice to Proceed was issued by November 15, at least a month and a half prior to the termination of the contract.
- 2-If the conditions above were not met, are there extenuating circumstances that were encountered which the state has agreed to consider, i.e. weather problems, funding or contractor problems, or administrative problems (new employees, loss of CDBG program manager, change in administration, etc)?

SCOPE:

- 1-Would a change in the scope alter the original project to such an extent that the National Objective may be affected, i.e. the completion of a smaller area of work that would result in reducing the percentage of low/moderate beneficiaries?
- 2-Would a change in the scope result in a reduction in the original rating/ranking position of the application that would place it below the final point of funding for that region?

BUDGET:

- 1-Grantees may shift up to 10% of the total project budget—EXCLUDING ADMINISTRATIVE COSTS- without submitting an amendment. The Grantee should contact their program specialist to make them aware of this change, however, prior to submitting a cash request.
- 2-Does the revised budget demonstrate that the entire project, as originally proposed, will be accomplished?

If, after reviewing these criteria, the amendment seems warranted, send the letter of request to your Program Specialist. An amendment form(s) for the requested change will be sent back for completion. All three copies of the form are to be returned to DCD for final execution in the same manner that the contract is processed. After execution of the amendments, a completed copy will be returned to the jurisdiction to be attached to your copy of the contract.

No requested amendment changes may be initiated until the grantee has received a fully executed copy of the amendment.